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FISCAL IMPACT STATEMENT

LS 6079

BILL NUMBER: HB 1170

NOTE PREPARED: Mar 28, 2011

BILL AMENDED: Feb 17, 2011

SUBJECT: Public Safety Local Option Income Tax.

FIRST AUTHOR: Rep. Morris

FIRST SPONSOR: Sen. Banks

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill provides that for the first two years after a local option income tax for public safety (public safety LOIT) is adopted, a county or municipality that receives revenue from a public safety LOIT may use the public safety LOIT only to increase the total amount available for expenditure for public safety purposes. It provides that for the first two years after a public safety LOIT is adopted, the public safety LOIT may not be used to reduce or replace revenue devoted to public safety purposes from any other source of revenue.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Summary* - This bill restricts counties and municipalities receiving revenue from the public safety LOIT from using the revenue for any purpose other than increasing the amount available for public safety purposes for the two calendar years following the calendar year in which a county imposes the public safety LOIT.

Public Safety LOIT: Under current law, counties may adopt a public safety LOIT if they have also adopted either the property tax freeze LOIT or the property tax relief LOIT. The maximum income tax rate is 0.50% in Marion County and 0.25% in all other counties. Revenue from the public safety LOIT is distributed to the county taxing unit and municipalities using the county's normal LOIT distribution basis. As of October 25, 2010, 20 counties were imposing the public safety LOIT with a total CY 2011 certified distribution of

\$92.2M.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Counties and municipalities.

Information Sources: State Budget Agency, CY 2011 Advisory Distribution Amounts and LOIT tax rates as of October 25, 2010.

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